

2025 QUALITY ASSURANCE REVIEWS OF EY

Introduction

Overview of EY (the Firm)

Firm's offices



36
Audit Partners



1,279
Audit function
personnel



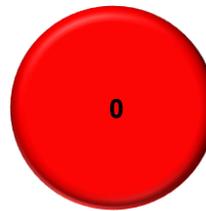
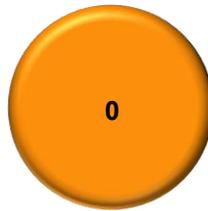
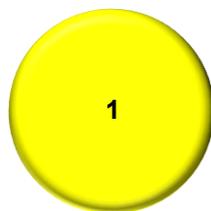
84
2025 public-interest
entity audits (PIEs)



18.46%
2025 market share based
on audit fees of PIEs

Outcome of the Firm's quality assurance reviews

Firm's system of quality management - findings with related recommendations



Inspection of audits of PIEs – grading results¹



¹ See Appendix A for detailed description of ratings and grades

Quality assurance reviews explained

The purpose of a quality assurance review is to assess the effectiveness of the Firm's system of quality management.

A quality assurance review:

- assesses the design of the Firm's system of quality management
- performs compliance testing around the implementation of the Firm's procedures
- evaluates the quality of a sample of audits of public-interest entities (PIEs)

Note: a quality assurance review is not designed to identify all weaknesses that may exist in the Firm's system of quality management.

ISQM 1² requires audit firms to design a system of quality management that is tailored to the nature and circumstances of the firm and engagements it performs. ISQM 1 also requires firms to monitor their own quality management system and ensure timely and effective remediation of any deficiencies identified.

In assessing the design of the Firm's system of quality management, the Authority evaluates the quality objectives, quality risks and the related responses the Firm has identified to address quality risks. This includes an evaluation of the Firm's policies and procedures and their impact, if any, on audit quality. The Authority then selects a sample of the Firm's responses to its identified quality risks and tests whether these responses have been operating effectively. The Authority also evaluates how the Firm monitors the effectiveness of these responses.

The Authority selects its sample of audits of PIEs using a risk-based approach. This approach allows the Authority to inspect audits with particular complexities as well as audits of varying sizes. As this sample is not representative of all PIE audits undertaken by the Firm, the results cannot be extrapolated to form conclusions about the audits that were not selected. When evaluating the quality of an audit of a PIE, the Authority considers the sufficiency and quality of the audit evidence obtained by the Firm across a number of selected audit areas.

The [guide to IAASAs reports on the quality assurance review of PIE audit firms](#) provides a detailed description of the reports.

² International Standard on Quality Management (Ireland) 1

Scope of the quality assurance review of the Firm

The Firm's policies and procedures

The Authority assesses the Firm's system of quality management across the eight component areas set out in ISQM 1, over a three-year cycle. In 2025, the Authority assessed and evaluated the Firm's quality objectives, quality risks and the related responses it had designed within the engagement performance component. The Authority also selected a sample of the Firm's responses to quality risks within the engagement performance component and tested the operating effectiveness of those responses.

In addition, the Authority assessed the Firm's own monitoring and remediation process to evaluate its system of quality management and respond to any deficiencies identified. The Authority also assessed the Firm's application of ISQM 1 requirements relating to any network requirements or network services.

Audits of public-interest entities

In 2025, the Authority inspected a sample of four audits of PIEs. For each audit inspected, the Authority evaluated the quality of the communications with those charged with governance, the review of financial statements and the engagement quality control review. The Authority also evaluated the quality of the audit evidence obtained in additional audit areas, selected at the Authority's discretion, taking into consideration the specific risks of each audit and other areas of focus for the Authority.

Overview of findings

In the 2025 inspection cycle, the Authority identified one finding, with a related recommendation, concerning the effectiveness of the design or implementation of the Firm's system of quality management.

The Authority assigned the following grades to the PIE audits inspected:

Assigned grade ³	Grade description	Number of PIE audits
①	Good audit	4
②	Limited improvements required	-
③	Improvements required	-
④	Significant improvements required	-

The results of the quality assurance review are set out in detail in the next section of this report.

³ See Appendix A for detailed description of ratings and grades

Results of the quality assurance review

Overview of system of quality management review

Engagement performance

The Authority evaluated whether the Firm had established the quality objectives required by ISQM 1 for engagement performance, as well as any additional quality objectives the Firm considered necessary. The Authority evaluated the quality risks identified and assessed by the Firm for each of these quality objectives and reviewed the responses the Firm had designed and implemented to address those risks. The Authority also evaluated the Firm's monitoring of its system of quality management in relation to engagement performance and tested the operating effectiveness of selected responses.

The Authority noted that the Firm has not fully complied with its own policies relating to partner, principal and executive director/director workloads (Finding 1). Full details of this finding and recommendation are set out below.

Monitoring and remediation

The Authority assessed the Firm's compliance with the requirements of ISQM 1 to establish a monitoring and remediation process. The Authority evaluated whether the Firm had established a process to provide relevant, timely and reliable information about the design, implementation and operation of its system of quality management. The Authority assessed whether the Firm took appropriate and timely actions to respond to and remediate any identified deficiencies. This assessment included reviewing the design and performance of the Firm's monitoring activities, its evaluation of deficiencies, and the remedial actions it implemented. In addition, the Authority evaluated whether the Firm had policies in place to ensure that individuals carrying out monitoring and remediation activities were competent and objective, and whether there was effective communication within the Firm regarding monitoring activities and identified deficiencies.

The Authority has no findings, with related recommendations, to report in this area.

Network resources and services

The Authority assessed whether the Firm had identified the network requirements relating to its system of quality management. The Authority also evaluated whether the Firm had identified the services or resources provided by the network that it uses in its own system of quality management, as well as the Firm's responsibilities for implementing these requirements or using these services. This assessment included an evaluation of whether the Firm understood and documented the relevance of the network requirements, and whether it had implemented the necessary requirements. The Authority also assessed whether the Firm had considered the need to adapt and supplement the network requirements, resources or services at local level.

The Authority has no findings, with related recommendations, to report in this area.

Findings and recommendations on the Firm’s system of quality management

Finding 1: Engagement performance

Significance:  Yellow

Background	Issue	Recommendation
<p>ISQM 1 requires the Firm to design and implement responses to address quality risks in a manner that is based on, and responsive to, the reasons for the assessments given to the quality risks.</p> <p>The Firm has established a response in relation to an engagement performance quality risk which requires the Country Assurance Managing Partner/Financial Services Assurance Managing Partner or their delegate to review and approve the individual workloads of partners, principals and executive directors (PPED) annually to ensure PPEDs have sufficient availability and appropriate competence and capabilities to perform their engagements.</p> <p>The Firm has guidance in place setting out a number of thresholds including the maximum chargeable hours over 12 months. Where a PPED exceeds one or more of the thresholds the Country Assurance Managing Partner/Financial</p>	<p>Given the number of PPED workloads for the 2024 financial year that had one or more threshold overages, the Authority considers that the Firm’s own guidance in relation to approving assignments with threshold overages “in limited circumstances” has not been complied with.</p> <p>In addition, the documentation maintained by the Firm setting out the rationale for the above threshold overages was not sufficiently detailed to evidence how each individual PPED’s workload had been evaluated in order to conclude that the overage was acceptable.</p>	<p>The Authority recommends that, going forward, the Firm ensures that sufficient documentation is maintained to evidence how, in limited circumstances, individual PPED workload overages were deemed to be acceptable.</p>

<p>Services Assurance Managing Partner or their delegate either adjusts the individual's workload to align with the thresholds or, in limited circumstances, may elect to approve the assignments with threshold overages. The Firm's own policy requires that documentation of the rationale for approving threshold overages is maintained in these limited circumstances.</p>		
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The Authority has **no findings with related recommendations** to report in the following areas:

- Monitoring and remediation
- Network resources and services

Summary of audits of PIEs inspected

	Assigned grade	Audit areas reviewed
Audit one	①	<ul style="list-style-type: none">  Valuation of technical provisions  Revenue recognition  Communications with those charged with governance  Review of financial statements  Review of the engagement quality control review
Audit two	①	<ul style="list-style-type: none">  Group audit  Revenue recognition  IT Audit  Communications with those charged with governance  Review of financial statements  Review of the engagement quality control review
Audit three	①	<ul style="list-style-type: none">  Valuation of financial assets  Revenue recognition  Communications with those charged with governance  Review of financial statements  Review of the engagement quality control review
Audit four	①	<ul style="list-style-type: none">  Valuation of provisions  Revenue recognition  Communications with those charged with governance  Review of financial statements  Review of the engagement quality control review

Key recommendations arising from the inspection of audits of PIEs

This table sets out the key recommendations for the Firm arising from the inspection of audits of PIEs. These recommendations are those considered by the Authority to be significant to an individual inspection or those that recurred across multiple inspections. Not all recommendations apply to every PIE audit inspected and not all recommendations issued to the Firm are included in this table.

Audit Area:  Review of the engagement quality control review

Recommendation #1	The Authority recommends that, going forward, the audit file sufficiently evidences the engagement quality reviewer’s discussion of their review, including the significant matters relating to the audit, with the key audit partner.
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Results of follow up procedures

The Firm is required to implement the Authority’s recommendations within 12 months. The Authority is satisfied that all recommendations made to the Firm in 2024 were appropriately implemented in 2025.

Purpose and limitations of this report

The purpose of the quality assurance review is to assess the effectiveness of the Firm's system of quality management. The purpose of this report is to communicate any deficiencies identified during the review and the recommendations arising from those deficiencies.

This report is not intended to serve as a balanced scorecard or as an overall rating tool. While the report may comment positively on certain matters, it is not designed to give a balanced analysis of all aspects of the Firm.

Where an inspection of a PIE audit identifies an area in which the Firm did not obtain sufficient audit evidence, this does not necessarily mean that the audit opinion is inappropriate or that the financial statements are misstated. It would also be inappropriate to infer that issues identified in this quality assurance review report are present in audits that were not inspected by the Authority.

Appendix – Detailed description of ratings and grades

Ratings

Findings arising in relation to the effectiveness of the design or implementation of a firm's system of quality management have their significance rated by way of a red-amber-yellow (RAY) system.

-  **Red** indicates that a finding is a significant deficiency⁴. Failure to implement a recommendation and/or remediation set out in a prior finding in relation to a firm's system of quality management, or, in relation to a matter arising from a PIE inspection is also likely to be assigned a red grading.
-  **Amber** indicates that an improvement is required. This is a less than significant failure to:
 - meet the requirements of the ethical standards and ISQM 1; or
 - apply a firm's processes or procedures.
-  **Yellow** indicates that a finding is a minor deficiency. This is:
 - a minor failure in the application of a firm's procedures or processes; or
 - a low level deficiency that has the potential to develop into a significant or less than significant failure to meet the requirements of the ethical standards and ISQM 1.

Grades

Each of the audits of PIEs inspected as part of the quality assurance review is assigned a grade.

-  A **1** grade is a good audit with no concerns regarding the sufficiency and quality of audit evidence or the appropriateness of significant audit judgements in the areas reviewed. Any concerns are very limited in their implications (both individually and collectively).
-  A **2** grade is an audit that requires limited improvements. There are only limited concerns regarding the sufficiency or quality of audit evidence or the appropriateness of significant audit judgements in the areas reviewed. Although there may be some concerns, their implications (both individually and collectively) are limited.
-  A **3** grade is an audit that requires improvements. There are some concerns, assessed as less than significant⁵, regarding the sufficiency or quality of audit evidence or the appropriateness of significant audit judgements in the areas reviewed. Although there may be concerns, their implications (both individually and collectively) are less than significant.
-  A **4** grade is an audit that requires significant improvements. There are significant concerns regarding the sufficiency or quality of audit evidence or the appropriateness of significant audit judgements in the areas reviewed. There may be concerns in other areas, with implications that are individually or collectively significant.

⁴ A significant deficiency is a significant failure to meet the requirements of the ethical standards or ISQM 1; or, a pervasive failure to apply a firm's processes or procedures where there is more than a remote likelihood that the deficiency could affect the firm's independence or the quality of audits performed by the firm.

⁵ For audits of PIEs, four key factors will be considered in assessing 'significance' of findings, these are as follows: the materiality of the area or matter concerned; the extent of any concerns regarding the sufficiency or quality of audit evidence (e.g. whether they relate to specific elements of the audit evidence only or are more pervasive to the overall sufficiency or quality of audit evidence in the areas concerned); whether appropriate professional scepticism appears to have been exercised in forming audit judgements; and the extent of any non-compliance with standards or the firm's methodology identified.

Appendix B – IAASA mission statement



Vision

Public trust and confidence in quality auditing and accounting



Mission

Upholding quality corporate reporting and an accountable profession

Our Values



Excellence

Striving to be the best we can be



Independence

Regulating impartially and objectively



Integrity

Being trustworthy and respectful